



Dave Goetz
Commissioner
Dept. of Finance and Administration

State Capitol
Nashville, TN 37243-0285
615/741-2401

FOR IMMEDIATE RELEASE
March 11, 2005

CONTACT: Jerry Adams

February Revenues

Nashville – On an accrual basis February is the seventh month in the 2004-2005 fiscal year. Department of Revenue tax collections were \$634.9 million.

February revenues were \$12.8 million more than the budgeted estimate, Finance and Administration Commissioner Dave Goetz announced today. The general fund had a \$9.7 million overcollection and the four other funds overcollected by \$3.1 million.

Sales tax collections were \$2.1 million more than the estimate in February. For seven months revenues are undercollected by \$87.2 million. The February growth rate was 4.83% and year-to-date growth was 4.03% or 0.89% less than the budgeted estimate.

Franchise and excise taxes combined were \$7.5 million more than the estimate of \$34.6 million. For seven months revenues are \$128.1 million overcollected, which may be overstated. An alternative estimating model indicates year-to-date overcollections of \$76.5 million. The two models come together in April and that will be a more accurate indicator of overcollections.

Gasoline taxes and motor vehicle registrations were \$2.6 million more than the budgeted estimate of \$90.7 million.

Year-to-date collections for seven months are \$47.5 million more than the budgeted estimate. The general fund, because of franchise and excise tax collections, is overcollected by \$49.6 million and the four other funds are undercollected by \$2.1 million.

The budgeted revenue estimates and the revised estimates presented in the new budget document are the same in total revenue and general fund revenue. The individual estimates are different. The revised estimates assume a \$65 million shortfall in sales tax collections, a surplus of \$60.4 million in franchise and excise taxes, and a surplus of \$4.6 million in all other taxes when compared with budgeted estimates for the full fiscal year.

The budgeted revenue estimates are based upon the State Funding Board's consensus recommendation adopted by the second session of the 103rd General Assembly in May of last year.

REVENUE COLLECTIONS
FEBRUARY, 2005, AND 7 MONTHS YEAR-TO-DATE

February Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$495,162,000	\$505,039,000	\$9,877,000
Highway Fund	54,091,000	56,334,000	2,243,000
Sinking Fund	20,033,000	20,062,000	29,000
City & County Fund	50,655,000	51,498,000	843,000
Earmarked Fund	2,151,000	1,934,000	(217,000)
Total	\$622,092,000	\$634,867,000	\$12,775,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$4,258,611,000	\$4,308,199,000	\$49,588,000
Highway Fund	362,689,000	365,542,000	2,853,000
Sinking Fund	143,944,000	143,328,000	(616,000)
City & County Fund	379,194,000	376,289,000	(2,905,000)
Earmarked Fund	18,163,000	16,713,000	(1,450,000)
Total	\$5,162,601,000	\$5,210,071,000	\$47,470,000

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	February			
	2004	2005	Change	Percent
Franchise & Excise	\$23,465,000	\$34,578,000	\$11,113,000	47.36%
Income	1,663,000	1,739,000	76,000	4.57%
Inheritance & Estate	9,172,000	7,855,000	-1,317,000	-14.36%
Gasoline	46,081,000	51,141,000	5,060,000	10.98%
Petroleum Special	4,967,000	5,195,000	228,000	4.59%
Tobacco	9,007,000	7,771,000	-1,236,000	-13.72%
Beer	1,332,000	1,319,000	-13,000	-0.98%
Motor Vehicle Registration	19,172,000	22,456,000	3,284,000	17.13%
Motor Vehicle Title	846,000	896,000	50,000	5.91%
Mixed Drink	3,137,000	3,325,000	188,000	5.99%
Business	404,000	823,000	419,000	103.71%
Privilege	15,337,000	15,947,000	610,000	3.98%
Gross Receipts	164,000	35,000	-129,000	-78.66%
TVA - In Lieu of Tax Payments	16,756,000	18,067,000	1,311,000	7.82%
Alcoholic Beverage	2,103,000	2,151,000	48,000	2.28%
Sales and Use	426,393,000	446,986,000	20,593,000	4.83%
Motor Vehicle Fuel	11,500,000	14,467,000	2,967,000	25.80%
Severance	92,000	116,000	24,000	26.09%
Coin-operated Amusement	10,000	0	-10,000	-100.00%
Total	\$591,601,000	\$634,867,000	\$43,266,000	7.31%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - February			
	2003-2004	2004-2005	Change	Percent
Franchise & Excise	\$476,408,000	\$590,579,000	\$114,171,000	23.96%
Income	13,310,000	11,743,000	-1,567,000	-11.77%
Inheritance & Estate	62,096,000	47,998,000	-14,098,000	-22.70%
Gasoline	353,837,000	360,075,000	6,238,000	1.76%
Petroleum Special	36,584,000	37,386,000	802,000	2.19%
Tobacco	69,223,000	67,432,000	-1,791,000	-2.59%
Beer	10,181,000	9,933,000	-248,000	-2.44%
Motor Vehicle Registration	115,208,000	124,802,000	9,594,000	8.33%
Motor Vehicle Title	6,248,000	6,393,000	145,000	2.32%
Mixed Drink	23,194,000	24,292,000	1,098,000	4.73%
Business	7,001,000	8,584,000	1,583,000	22.61%
Privilege	131,111,000	136,209,000	5,098,000	3.89%
Gross Receipts	10,076,000	13,073,000	2,997,000	29.74%
TVA - In Lieu of Tax Payments	118,617,000	124,767,000	6,150,000	5.18%
Alcoholic Beverage	21,298,000	21,869,000	571,000	2.68%
Sales and Use	3,386,780,000	3,523,224,000	136,444,000	4.03%
Motor Vehicle Fuel	98,210,000	100,823,000	2,613,000	2.66%
Severance	628,000	825,000	197,000	31.37%
Coin-operated Amusement	113,000	64,000	-49,000	-43.36%
Total	\$4,940,123,000	\$5,210,071,000	\$269,948,000	5.46%

Table 3
August - February Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (83,400,000)	\$ (3,800,000)	\$ (87,200,000)
Income Tax	(1,000,000)	(300,000)	(1,300,000)
Inheritance Tax	1,600,000	0	1,600,000
Privilege Tax	900,000	(1,400,000)	(500,000)
Business Tax	(200,000)	0	(200,000)
TVA	3,400,000	2,300,000	5,700,000
Gross Receipts	(1,600,000)	0	(1,600,000)
Gasoline & Motor Vehicle Registration	900,000	900,000	1,800,000
Other Taxes	900,000	200,000	1,100,000
Sub-Total	\$ (78,500,000)	\$ (2,100,000)	\$ (80,600,000)
F & E Taxes	128,100,000	0	128,100,000
Total	\$ 49,600,000	\$ (2,100,000)	\$ 47,500,000